

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 735 - SB 1370**

March 4, 2023

**SUMMARY OF BILL:** Authorizes Class I and II off-highway vehicles to be operated on state highways where the posted speed limit is 55 miles per hour or less.

**FISCAL IMPACT:**

**Increase State Revenue – \$700/FY23-24 and Subsequent Years/General Fund  
\$34,500/FY23-24 and Subsequent Years/Highway Fund**

Assumptions:

- Passage of this legislation is not expected to significantly decrease Class A misdemeanor offenses; therefore, there will not be a significant decrease in local government incarceration expenditures or fine revenue.
- It is not estimated that the provisions of this legislation will directly lead to a significant enough increase in Class I and Class II off-highway vehicle sales to increase state or local government tax revenue.
- However, it is reasonably assumed that the expanded privileges afforded to owners of Class I and II off-highway vehicles will lead to an increase in registrations of currently owned vehicles. The precise number of additional registrations is not known.
- Based on information provided by the Department of Revenue, there are currently 15,125 active registrations for such vehicles. It is assumed that the proposed legislation will increase the total number of registrations by 15 percent, or by 2,269 registrations.
- Pursuant to Tenn. Code Ann. § 55-4-111(a)(1), the registration fee for Class I off-highway vehicles is \$15; the registration fee for Class II off-highway vehicles is \$16. Therefore, the average registration fee for Class I and II off-highway vehicles is \$15.50  $[(\$15 \text{ Class I} + \$16 \text{ Class II}) / 2]$ .
- The increase in revenue from registration fees is estimated to be \$35,170  $(2,269 \text{ registrations} \times \$15.50)$ .
- Each new registrant will be required to renew on an annual basis.
- Therefore, the increase in state revenue from registration and renewal fees is estimated to be \$35,170 in FY23-24 and subsequent years.
- Pursuant to Tenn. Code Ann. § 55-6-107(a)(1), proceeds from revenue generated through the registration and licensing of motor vehicles are to be apportioned as follows: 98 percent to the Highway Fund and 2 percent to the General Fund.
- Therefore, the estimated increases in state revenue will occur as follows:
  - \$34,467  $(\$35,170 \times 98\%)$ /FY23-24 and subsequent years/Highway Fund
  - \$703  $(\$35,170 \times 2\%)$ /FY23-24 and subsequent years/General Fund

**HB 735 - SB 1370**

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

/jj